



**CHIEF ADMINISTRATIVE OFFICE
MEMORANDUM**

To: Councilmember Kristin Gisleson Palmer, District C
From: Gilbert Montaña, Chief Administrative Officer
CC: Zachary Smith, Director, Department of Safety and Permits
Chad Brown, Chief of Staff to the Chief Administrative Officer
Date: March 7, 2019
Re: FOR REVIEW: Unified Short Term Rental Enforcement Office

Background

On January 10th 2019, City Council approved a motion (NO.M-19-4) and a resolution (NO. R-19-7) which impact the licensing and operation of Short Term Rentals (STRs). In 2018 \$334,725 in fines were assessed for Short Term Rental violations. To date, the City has collected \$93,310. Unpaid fines are recorded on Property Tax bills, so payments from liens applied last year, are still being remitted from this year's tax payments.

M-19-4

Motion M-19-4 was brought forward by Councilmembers Palmer, Giarrusso, Banks and Moreno. This resolution requires the City Planning commission (CPC) to hold public hearings in order to incorporate certain recommendations and initiatives contained in the "2018 Short Term Rental Study."

R-19-7

Resolution R-19-7 was brought forward by Councilmembers Moreno, Williams, Brossett, Palmer, and Giarrusso. The resolution requires: (1) an allocation of licensing costs, fees, and fines to Neighborhood Housing Improvement Fund (NHIF) for affordable housing programs (2) the CAO to examine enforcement efficiencies, including but not limited to, the feasibility of creating a standalone office to strengthen STR enforcement, and (3) the Department of Safety and Permits must provide recommendations to the City Council on improved platform accountability.

Recommendations from the Department of Safety and Permits

In order to comply with M-19-4 and R-19-7, the Department of Safety and Permits recommends the following:

- (1) Assign the majority of STR enforcement activities to the Department of Safety and Permits while expanding dedicated legal capacity in the Law Department
- (2) Expand staffing in the Bureau of Revenue to handle collections
- (3) Up-staff to ensure the Short Term Rental Administration Office is able to provide 24/7 response
- (4) Allocate enough funding to allow the City to take action to defend any platform regulations enacted or other challenges to relevant laws

Implementation Costs

In order to ensure that the City is adequately staffed to handle Short Term Rental Enforcement, the following positions are needed:

Dept.	Position	Personal Services	Other Operating	Total Cost
Safety & Permits	(2) Code Enforcement Inspectors; (2) Code Enforcement Inspector Supervisors	\$226,958	\$20,000	\$246,958
	(3) Staff members exclusively for web-based enforcement	\$182,391	\$30,000	\$212,391
Law	(3) Attorneys	\$ 405,877	\$0	\$405,877
	Platform Accountability Fund*	\$0	\$1,000,000	\$1,000,000
Revenue	(1) Collector; (1) Revenue Agent II; (2) Revenue Agent I, (1) Tax Collection Specialist I; and (1) Tax Collection Specialist II	\$290,522	\$50,000	\$290,522
Total Implementation Costs		\$2,205,748		

* Fund dedicated to litigation efforts required to defend any platform regulations enacted or other challenges to the law

These estimated implementation costs are based solely on personal services and other operating. These costs (and any associated revenues) will be further evaluated and analyzed through the City's new Zero Based Budgeting process which is currently being piloted (with the Department of Safety and Permits).

NOTE: This memo is for informational purposes, thus no action is required.